taken up only after return of the original records by the CBI who are still investigating the matter.

Subsequently, another proposal dated 30th March, 1998 was received from the State Govt. of Orissa seeking the views of the Central Govt. on their proposal to undertake mining operations of Chrome Ore over an area of 190.80 hectares. (the same area which was earlier recommended by the State Govt. for grant of mining lease in favour of M/s. IMFA/ ICCL) in Sukhinda Valley under Section 4(3) of the Mines and Minerals (Regulation and Development) Act, 1957 (MMR&D Act) and to engage M/s. IMFA/ICCL as an agent of the State Govt. to undertake mining operations in the aforesaid area under Rule 75(2) of the Mineral Concession Rules, 1960. Since the proposal of the State Govt. was not found to be consistent with the provisions of the MMR&D Act, particularly Section 4(3) of the Act ibid, which allows on the State Govt. to undertake mining and does not recognise mining operations by the State Govt. through an agent. The aforesaid proposal of the State Govt. was returned to them on 23rd April, 1998 conveying Central Government's views to the effect that the proposal is not consistent with the provisions of the MMR&D Act.

Subsequently the State Govt. of Orissa vide Notification dated 17.6.98, has notified under Rule 75(1) of Mineral Concession Rules, 1960 that the State Government proposed to undertake mining operations for chrome ore over an area of 119.08 ha. in Village Kalapani, District Jaipur in Sukhinda Valley. The State Govt. of Orissa vide its Order dated 17.6.98 has also granted working permission to M/s. ICCL to undertake mining operations of chrome ore over the above mentioned area as an agent of the State Govt. under the provisions of sub-rule (2) of Rule 75 of the Mineral Concession Rules, 1960 for a period of 2 years or approval of lease in their favour by Central Government whichever is earlier.

M/s. FACOR has filed a writ petition before the Hon'ble High Court of Orissa, challenging the above mentioned Order of the State Govt. dated 17.6.98 regarding grant of working permssion to M/s. ICCL to undertake mining operations as an agent of the State Govt. The writ petition has been posted for hearing on 7th July, 1998 and thus the matter is subjudice.

Decline in Profit of SAIL

2257. SHRI JANARDHANA POOJARY: Will the Minister of STEEL AND MINES be pleased to state:

(a) whether SAIL's profit has declined during the current year;

(b) if so, the extent thereof; and the reasons therefor; and

(c) the details of the steps taken to stop fall in profit?

THE MINISTER OF STATE IN THE MINISTRY OF STEEL AND MINES (SHRI RAMESH BAIS): (a) and (b) The profit (before tax) of SAIL for the year 1997-98 was approx. Rs. 149 corres (subject to CAG Audit) against Rs. 588 crores in 1996-97. Profits were lower in 1997-98 because of slow down in demand for steel, greater competition from imports, and enhancement in supplies in domestic market. Further, the profits were adversely affected by increase in input prices primarly of coking coal, petroleum products, power, transportation and higher interest cost which could not be fully neutralised by better techno-economic parameters, cost reduction measures and increase in the prices of steel, etc.

(c) SAIL has taken number of steps to improve the performance, which inter-alia include reduction in cost by improving the techno-economic parameters, demand oriented production, improving quality of products, and increasing sales through aggressive and customer oriented marketing, etc.